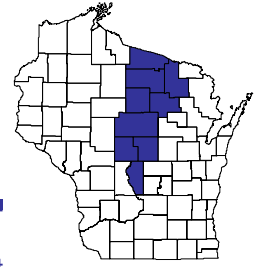


WORKFORCE OBSERVATIONS

for the North Central Wisconsin counties

Adams, Forest, Langlade, Lincoln, Marathon, Oneida, Portage, Vilas and Wood



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In this issue:

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>March ended the quarter with 212,387 residents employed, up 2,077 over the year.

>North Central gained about 600 jobs over last year, fueled by growth in the Wausau area.

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North Central's Graying Workforce

Unless you've been living under a rock for the last few years, you're sure to have heard some form of the dire news that the oldest baby boomers are on the verge of retirement. Articles and books with titles “The 2010 Meltdown”, “The Aging Workforce Crisis” and “The Perfect Workforce Storm” seem to be published every week. So what does all this mean?

First, there is some ambiguity in defining the concept of retirement. Some economic research defines retirement as the complete withdrawal

and their efforts to keep retirement aged employees around longer. But the question is—are they willing to stick around?

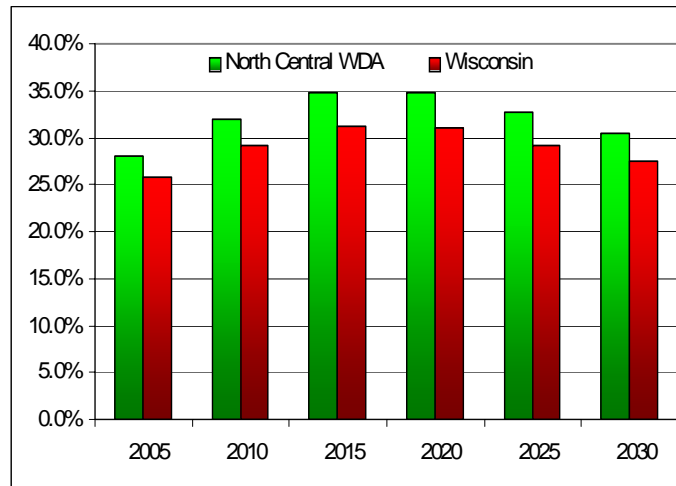
The idea of people working later in life is subject to vigorous debate. Some research suggests that in the coming years a higher rate of our older population will have to work well into their golden years to maintain living standards whether remaining in their current careers or taking different ‘post-retirement’ work. Whether or not they need to come back, human

resources researchers have suggested that at least some are willing to work longer—but on their terms, and with their individual schedules. On the other hand, some scholars believe this notion to be exaggerated in light of the fact that the average age of complete withdrawal from the labor force has been in decline for many decades and that nothing is likely to impede this decline. The latter opinion likely takes into account the fact that the labor force participation rate (LFPR) of those aged 65 and older has declined from 27 percent in 1948 to about 15 percent in 2005 (nationally, U.S. BLS),

and has not been higher than 19 percent since 1961.

Regardless of speculation on employment matters, the fact remains that North Central Wisconsin will have a higher share of their population in retiree and ‘pre-retiree’ age groups in the coming decades. The graph on this page shows the current and projected share of those aged 50-64 as a percentage of the total “working age” population (16-64). As of 2005, roughly one out of every four “working age” people in North Central are between the ages of 50-64. The share of the 50-64 age group is even more severe in North Central than

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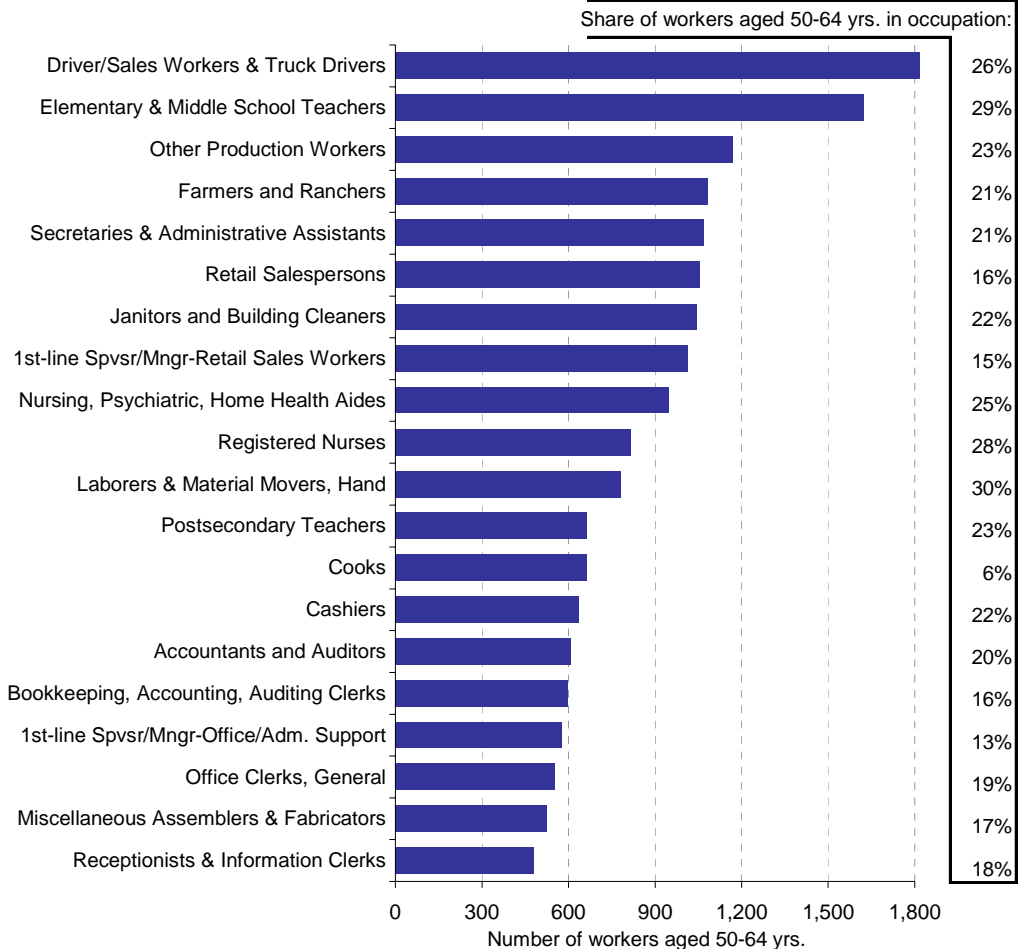
from the labor force; alternate definitions allow for those who have ‘retired’ from their careers to keep their retiree label even if they enter back into the labor force in some (usually limited) capacity.

However you choose to define retirement, the fact remains that the general population is getting older. One implication is that there will be relatively fewer workers to take the place of those retiring, leaving many to wonder how employers will adjust. These retirees aren’t just leaving a hole in the workforce, they’re taking specialized skills and experience with them. Concerns about the transfer of this accumulated knowledge have led some employers to ex-

Largest occupations of workers aged 50-64 years old in North Central Wisconsin

in Wisconsin as a whole (due, in part, to retirees choosing to move in to the area) and by 2015 through 2020, the ratio is projected to be about one of every three! For the record, the likelihood that a person aged 50-64 is participating in the labor force is about 66 percent (in Wisconsin), which is very respectable considering the overall rate in the state is just over 70 percent.

No one can predict the future, and it's possible that employers may adjust in unforeseen ways. The effects of immigration haven't even been discussed in this article, for example. Regardless of whether you consider the aging workforce a crisis or not, one thing is certain—if the looming workforce changes are a storm, then the clouds are getting close. And lightning is on the horizon.



Source: US Census 2000, Public Use Microdata file

Civilian Labor Force Estimates* for North Central Wisconsin Counties

Workforce Changes in First Quarter, 2006

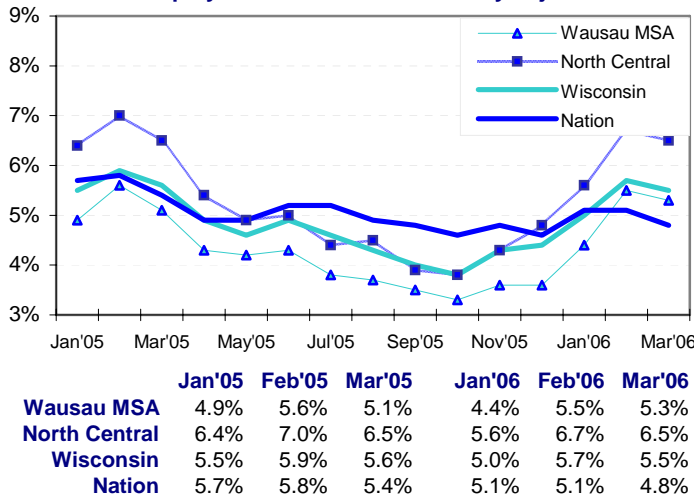
	Qtr 1 2006	Qtr 4 2005	Qtr 1 2005	Qtr 1 2006	Qtr 4 2005	Qtr 1 2005	Qtr 1 2006	Qtr 4 2005	Qtr 1 2005
Adams									
Labor force	9,462	9,520	9,428	15,822	15,890	15,728	11,304	11,638	11,203
Employed	8,653	8,941	8,556	14,742	15,166	14,633	10,393	11,032	10,265
Unemployed	809	579	872	1,080	724	1,095	911	606	938
Unemp. Rate	8.5	6.1	9.2	6.8	4.6	7.0	8.1	5.2	8.4
Forest									
Labor force	4,916	4,881	4,918	19,864	20,071	20,013	74,846	74,128	73,558
Employed	4,496	4,582	4,484	18,318	19,041	18,394	71,049	71,534	69,712
Unemployed	421	299	434	1,546	1,030	1,618	3,798	2,594	3,846
Unemp. Rate	8.5	6.1	8.8	7.8	5.2	8.1	5.1	3.5	5.2
Langlade									
Labor force	10,870	10,711	10,639	40,370	40,220	39,596	40,359	39,768	40,104
Employed	10,071	10,127	9,856	38,119	38,737	37,264	37,688	37,954	37,130
Unemployed	799	584	783	2,250	1,482	2,333	2,672	1,814	2,975
Unemp. Rate	7.3	5.5	7.4	5.6	3.7	5.9	6.6	4.6	7.4
North Central									
Labor force	227,813	226,827	225,187	* not seasonally adjusted					
Employed	213,528	217,114	210,293						
Unemployed	14,286	9,713	14,894						
Unemp. Rate	6.3	4.3	6.6						

The unemployment rate for North Central Wisconsin peaked during the first quarter, following the usual seasonal trend. The rate in February was 6.7 percent, and will likely be the highest rate the area sees all year. However, this was the lowest February rate since 2001. As temperatures dropped, industries with strong seasonal components, like construction, hit the low points of their employment cycle. But by March, employment was already starting to rise in anticipation of warmer temperatures around the corner.

The number of residents with jobs dipped in February, climbing back up in March like in previous years. March ended the quarter with 212,387 residents employed, up 2,077 over the year.

All of the counties in North Central Wisconsin...
(Continued on page 3)

Unemployment Rates-Not seasonally adjusted



tral Wisconsin experienced a drop in employment from the fourth quarter of 2005 to the first quarter of 2006, following the usual trend. Local employers only added about 160 jobs during the first quarter.

The over the year numbers were a mixed bag, with some counties doing better, and some worse off than their year ago levels. North Central gained about 600 jobs over last year, fueled by growth in the Wausau area. Much of this growth was in construction, possibly due to this year's warmer

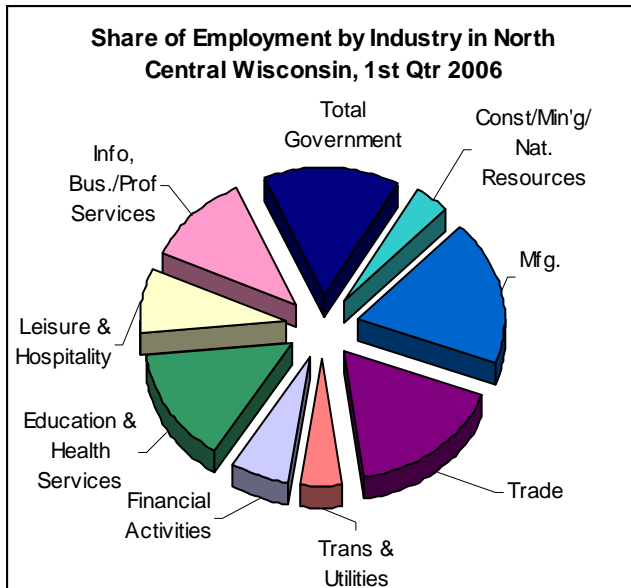
winter. The high paying financial activities sector also improved over its first quarter 2005 numbers, most likely owing to the strong insurance cluster in North Central's more urban counties. The sector containing professional & business services improved over last year in most counties, though most of the growth was concentrated in the urban counties.

North Central Wisconsin	Qtr 1 2006	Qtr 4 2005	Qtr 1 2005
Total Nonfarm jobs	197,598	204,991	196,992
Const/Min'g/Nat. Resources	7,708	9,337	7,365
Manufacturing	35,990	37,144	36,390
Trade	34,388	36,347	34,247
Transportation & Utilities	9,448	9,963	9,412
Financial Activities	12,624	12,631	12,305
Education & Health Services	28,315	28,401	28,314
Leisure & Hospitality	16,617	17,507	16,618
Business Srv. & Other Services	22,932	23,590	22,381
Total Government	29,576	30,071	29,962

Nonfarm Wage and Salary Employment Estimates for North Central Wisconsin Counties

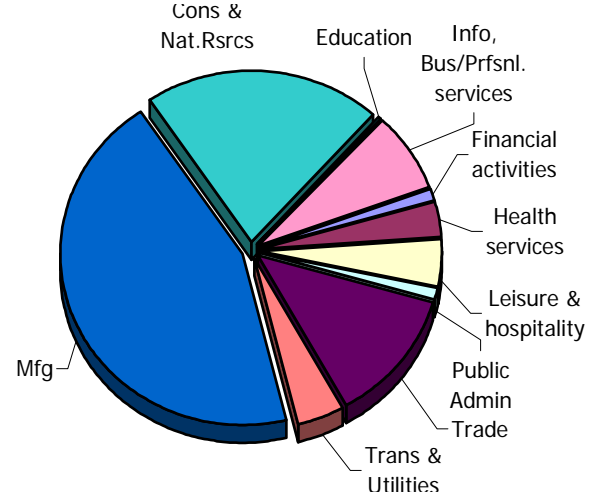
	Qtr 1 2006	Qtr 4 2005	Qtr 1 2005	Qtr 1 2006	Qtr 4 2005	Qtr 1 2005	Qtr 1 2006	Qtr 4 2005	Qtr 1 2005	Qtr 1 2006	Qtr 4 2005	Qtr 1 2005	Qtr 1 2006	Qtr 4 2005	Qtr 1 2005
	Adams			Forest			Langlade			Lincoln			Oneida		
Total Nonfarm jobs	4,130	4,375	4,107	3,375	3,498	3,384	7,675	7,932	7,615	11,520	12,154	11,603	16,804	17,885	17,036
Const/Min'g/Nat. Resources	288	351	236	96	158	87	318	445	311	370	465	366	892	1,157	928
Manufacturing	383	389	397	323	339	324	1,870	1,851	1,667	3,363	3,607	3,426	1,310	1,339	1,376
Trade	436	470	470	316	321	312	1,299	1,370	1,372	1,527	1,642	1,560	4,081	4,136	4,047
Transportation & Utilities	136	142	145	159	162	160	400	416	391	389	454	392	457	514	446
Financial Activities	86	93	86	127	125	118	297	280	281	883	877	846	577	582	565
Education & Health Services	538	538	524	349	351	365	932	942	940	1,072	1,094	1,075	3,477	3,567	3,655
Leisure & Hospitality	476	558	490	158	176	177	722	777	734	898	942	928	1,844	1,988	1,867
Info, Prof/Bus.Srv. Othr Srv.	589	624	562	222	238	215	742	734	732	999	1,052	994	2,321	2,614	2,285
Total Government	1,198	1,209	1,197	1,626	1,628	1,624	1,094	1,117	1,187	2,019	2,021	2,016	1,844	1,988	1,867
	Portage			Vilas			Wausau MSA			Wood			Current quarter preliminary. Estimates based on 2005 benchmark. Summing from unrounded numbers.		
Total Nonfarm jobs	32,849	34,777	33,126	7,953	8,601	7,847	71,267	72,600	70,367	42,026	43,168	41,909			
Const/Min'g/Nat. Resources	902	1,174	886	715	942	715	2,767	3,033	2,467	1,359	1,612	1,369			
Manufacturing	4,381	4,784	4,533	291	313	313	18,233	18,400	18,067	5,836	6,122	6,286			
Trade	5,881	6,465	5,785	1,250	1,368	1,259	13,567	14,000	13,333	6,032	6,574	6,108			
Transportation & Utilities	1,838	1,968	1,806	128	137	126	2,500	2,600	2,633	3,441	3,570	3,312			
Financial Activities	3,995	4,024	3,860	318	321	317	5,200	5,200	5,100	1,140	1,130	1,133			
Education & Health Services	3,256	3,299	3,197	687	673	676	7,600	7,600	7,600	10,405	10,336	10,282			
Leisure & Hospitality	2,945	3,144	2,959	1,546	1,688	1,533	5,133	5,167	5,067	2,895	3,067	2,862			
Info, Prof/Bus.Srv. Othr Srv.	4,313	4,338	4,101	785	855	736	8,167	8,367	7,967	4,794	4,768	4,790			
Total Government	5,337	5,580	6,001	2,233	2,304	2,171	8,100	8,233	8,133	6,125	5,989	5,766			

The Workforce Album: First Quarter, 2006



- > The number of residents filing claims for unemployment compensation benefits generally decreased during the first quarter from 1,777 in the week ending January 7 to 1288 in the week ending April 1.
- > The majority of claims filed were from manufacturing and construction workers. The construction and manufacturing sectors tend to be strongly affected by seasonality, typically shedding jobs in the winter months.

Initial Claims for Unemployment Benefits by Industry in Qtr 1 2006 in North Central Wisconsin



- > The CPI increased 0.5 percent during the first quarter and was 3.6 percent higher than in the same quarter in 2004.
- > The CPI has been heavily influenced by soaring energy prices, which jumped 17.1 percent last year and is up 21.8 percent in the first quarter of 2006.
- > Compensation costs for civilian workers increased 0.7 percent this quarter, up 2.8 percent over last year.
- > While the wages and salaries component is still significantly below past years, increases have continued at a moderate pace (2.7 percent over the year). Benefits costs also increased, though at a slower rate than during 2005.

Consumer Price Index - All items (not seasonally adjusted)	Change over previous quarter				over yr Qtr 1 2005
	Qtr 2 2005	Qtr 3 2005	Qtr 4 2005	Qtr 1 2006	
United States	1.3%	1.2%	0.5%	0.5%	3.6%
Midwest cities (50,000-1.5 million pop.)	1.2%	1.2%	0.5%	0.2%	3.2%
Midwest cities (less than 50,000 pop.)	1.5%	1.7%	0.3%	0.2%	3.7%
Employment Cost Index (not seasonally adjusted)					
Civilian total compensation	0.6%	0.8%	0.6%	0.7%	2.8%
Private industry total compensation	0.7%	0.6%	0.5%	0.8%	2.6%
Local & state govt. total compensation	0.3%	2.0%	0.9%	0.5%	3.7%
Civilian wages	0.6%	0.7%	0.6%	0.7%	2.7%
Private wages	0.6%	0.6%	0.5%	0.7%	2.4%
Local & state government wages	0.2%	1.3%	0.9%	0.3%	2.8%
Civilian benefits	0.7%	1.2%	0.5%	0.9%	3.4%
Private industry benefits	0.9%	0.7%	0.3%	1.0%	3.0%
Local & state government benefits	0.5%	3.1%	1.0%	0.7%	5.4%

Source: US Bureau of Labor Statistics

